

**CITY OF SHOREVIEW  
AGENDA  
CITY COUNCIL WORKSHOP  
October 10, 2011  
7:00 P.M.**

1. ROLL CALL
2. REVIEW OF 2012-2016 CAPITAL IMPROVEMENT PROGRAM
3. UPDATE ON STATUS OF HAWES/RUSTIC/DEMAR STREET  
RECONSTRUCTION
4. OTHER ITEMS
5. ADJOURNMENT



TO: Mayor and City Council

FROM: Terry C. Schwerm, City Manager  
Jeanne A. Haapala, Finance Director

DATE: October 6, 2011

RE: Preliminary Budget and Capital Improvement Program Information

### **Budget and CIP**

The proposed budget and CIP will be discussed over the next two Council Workshop sessions.

The October 10 workshop will focus on the proposed CIP (located behind the last tab in the binder)

- An introduction to the CIP is provided on the first 11 pages
- Projects are organized by type of project on pages 12 through 60

The November 14 workshop will focus on the proposed budget, including new Fund and Activity Summary information (located behind the second tab in the binder). Because the budget section contains a significant amount of new information, staff is distributing the information to the City Council early to provide more time for review/reading. New information, to be provided in the budget document for each activity, includes:

- Goals and objectives
- Budget impacts
- Activity measures for the last 3 years
- Community survey results for the last 2 surveys
- Recent achievements

Over the next 3 months staff will continue to develop the budget introduction and budget summary information. Copies will be provided to the City Council as development occurs.

### **New Budget and CIP Format**

As reported to the City Council earlier in the year, accounting and information systems staff members are in the process of redesigning the City's budget system and budget/CIP documents. Although the new design won't be complete until late next year, significant changes have already been made to the attached documents, and more are planned for the future, including:

- Combine Budget and CIP document – The new budget design will allow the City to publish the budget and Capital Improvement Program (CIP) as one document
- Consolidate capital project costs by using a multi-year presentation – This change significantly reduced the size of the CIP document without sacrificing important detail about each project
- Improve project maps - Through the use of digital mapping

- Present two-year budget (for 2012 and 2013) – This approach is popular with bond rating agencies and gives the City Council an early look at the second budget year in greater detail than the FYOP
- Consolidate the number of activities presented in the budget, and expand discussion of each activity
  - Expand goals and objectives discussion for the upcoming two-year budget cycle
  - Provide budget impacts by activity for the upcoming two-year budget cycle
  - Incorporate relevant and meaningful activity measures
  - Report community survey results
  - Describe recent achievements
- Five-Year Operating Plan (FYOP)
  - Develop integrated financial projections that use the same data base as the budget and CIP systems, to reduce duplication of effort and streamline the FYOP preparation
  - Full implementation and production of the FYOP is scheduled for late 2012

As the budget design continues, development of introductory sections and other illustrations will be distributed to the City Council at future budget workshops.

## **Property Tax Levy**

As discussed in previous work sessions, State Statutes have been revised for 2012 to replace the Market Value Homestead Credit (MVHC) with a Homestead Market Value Exclusion (HVCE) program which provides property tax reductions through limiting market value for homes valued below \$413,800. Cities that lost some or all of the MVHC in 2011 needed to include the lost credits in the adopted levy, in order to collect the needed tax revenue. For 2012, cities no longer need to estimate tax receipt losses, because the credit is applied to value instead.

Although the change is more clear from a tax collection standpoint, there could be unintended consequences for tax increment districts that include residential property, and for the value used to compute debt limits (because the debt limit in State Statutes is computed as a percent of market value). In addition, the change is making it much more difficult to compare changes in the property tax levy among comparison or peer communities.

For instance, many cities refer to the change in the levy without removing the lost MVHC from the year 2011, which understates the change in actual tax collections, but does compare the levies formally adopted by the City Council. In previous memos to the City Council, Shoreview has compared levy collections between the years, because it compared collections to collections, rather than adopted levy to adopted levy (without regard for MVHC cuts).

The tables on the next page present the change in the tax levy based on the change in the adopted levy as well as the change in tax levy collections.

The first table shows the change in the tax levy by excluding lost MVHC credits from the 2011 column, in effect, comparing levy collections between the years. This is how staff has presented the information in previous memos, with a 3.36% increase in the levy for 2012.

Property Tax Levy	2011 Adopted *	2012 Proposed	Dollar Change	Percent Change	
				For Each Fund	As Impact on Total Levy
General Fund	\$ 6,345,734	\$ 6,467,060	\$ 121,326	1.91%	1.34%
Debt					
Debt Funds	527,000	442,026	(84,974)	-16.12%	-0.94%
Central Garage Fund	98,000	216,000	118,000	120.41%	1.30%
Total Debt Funds	625,000	658,026	33,026	5.28%	0.36%
Capital Costs					
Street Renewal Fund	750,000	800,000	50,000	6.67%	0.55%
General Fixed Asset Fund	1,150,000	1,200,000	50,000	4.35%	0.55%
Capital Improvement Fund	100,000	110,000	10,000	10.00%	0.11%
Total Capital Funds	2,000,000	2,110,000	110,000	5.50%	1.21%
EDA					
EDA Fund	25,000	55,000	30,000	120.00%	0.33%
HRA Fund	60,000	70,000	10,000	16.67%	0.11%
Total EDA Funds	85,000	125,000	40,000	47.06%	0.44%
Total Levy	\$ 9,055,734	\$ 9,360,086	\$ 304,352	3.36%	3.36%
* Less MVHC losses in 2011.					

The second table shows the change in the tax levy by ignoring the \$350,000 loss of MVHC credits from the 2011 column, in effect, comparing the adopted levy collections in each year. This is different than how staff has presented the information in previous memos, and shows a .5% decrease in the levy for 2012.

Property Tax Levy	2011 Adopted **	2012 Proposed	Dollar Change	Percent Change	
				For Each Fund	As Impact on Total Levy
General Fund	\$ 6,695,734	\$ 6,467,060	\$ (228,674)	-3.42%	-2.53%
Debt					
Debt Funds	527,000	442,026	(84,974)	-16.12%	-0.94%
Central Garage Fund	98,000	216,000	118,000	120.41%	1.30%
Total Debt Funds	625,000	658,026	33,026	5.28%	0.36%
Capital Costs					
Street Renewal Fund	750,000	800,000	50,000	6.67%	0.55%
General Fixed Asset Fund	1,150,000	1,200,000	50,000	4.35%	0.55%
Capital Improvement Fund	100,000	110,000	10,000	10.00%	0.11%
Total Capital Funds	2,000,000	2,110,000	110,000	5.50%	1.21%
EDA					
EDA Fund	25,000	55,000	30,000	120.00%	0.33%
HRA Fund	60,000	70,000	10,000	16.67%	0.11%
Total EDA Funds	85,000	125,000	40,000	47.06%	0.44%
Total Levy	\$ 9,405,734	\$ 9,360,086	\$ (45,648)	-0.49%	-0.50%
** Without adjusting lost MVHC for 2011.					

## Summary

Although the proposed CIP was discussed briefly during the August workshop meeting, a draft of the document was not available for Council review, and therefore staff would like to review the CIP in more detail at this workshop to ensure it continues to meet Council priorities.



TO: MAYOR, CITY COUNCIL, AND CITY MANAGER

FROM: TOM WESOLOWSKI, ASSISTANT CITY ENGINEER

DATE: OCTOBER 7, 2011

SUBJECT: HAWES, DEMAR, RUSTIC RECONSTRUCTION UPDATE

---

### **Background**

At the public assessment hearing held on September 19, 2011, for the above referenced project, residents from the neighborhood expressed concerns about the following items:

1. Long term durability of concrete roadway
2. Noise of the concrete roadway.
3. Condition of sod that was installed in the fall of 2010.
4. Areas that have settled behind the curb in various locations.
5. Drainage system in the area.

The City Council asked staff to investigate the items and report back on how the issues were addressed. The Council also asked staff to send out an informational letter to the residents in the project area on how the issues were addressed.

### **Discussion**

#### **Concrete Condition**

Staff has inspected the surface of the concrete roadway and the concrete curb and gutter both in the course of our normal construction inspection and as a result of the comments from the assessment hearing. The surface condition of the roadway and the curb and gutter was found to be excellent with no issues. Shallow spalling, which consists of the loss of the thin layer of surface mortar, was observed in some areas along joints. This is a typical location for spalling to occur on concrete roads. Based on industry standards these spalled areas are considered minor and repairs are not required because they are aesthetic in nature and not structural. Given the small number of areas where spalling has occurred when compared to the total length of joints in the roadway and the type of spalling that has occurred the concrete work is not considered defective in any way and the service life of the concrete has not been reduced.

#### **Noise**

Concrete streets are inherently noisier than asphalt streets as a result of the surface texture and joints that are cut in to allow for expansion and contraction of the concrete. Staff contacted the Concrete Paving Association of Minnesota about the concerns relating to the noise created as cars drive over the joints in the concrete roadway. Their Executive Director, Matt Zeller, has been on site to observe the noise and based on his experience, did not feel that the noise created was excessive. He did state that filling the joints with an epoxy sealer could potentially reduce

the noise, but was not sure if the reduction would be noticeable to the residents. Matt does have access to a noise expert through his national office and has also contacted road research personnel with the Minnesota Department of Transportation. Staff will work with Matt and the noise expert over the winter to determine if there is an economical solution that will effectively reduce the road noise. If there are cost-effective methods to reduce the noise, staff would perform this work next spring.

#### Sod

All of the sod issues that were reported to staff have been addressed by either replacing the sod or placing topsoil and seed, depending on the request of the homeowner. Staff compared the condition of the sodded areas to the condition of the adjacent grass for the homes throughout the project area and does not feel that additional sod replacement is required.

#### Settlements

All areas that had settled prior to the assessment hearing have been repaired by the contractor. A few new settlement areas have developed since that time. The contractor has been notified and will repair the areas within the next few weeks.

#### Drainage

The stormwater collection and infiltration system that was installed in the low point on Hawes Avenue was designed to handle the run-off from a 10-year storm event, which is the standard design for City stormwater collection systems. There was one storm event this summer that was equal to a 10-year event and the system collected and infiltrated the run-off as designed. During this event, the raingardens located in the low point did completely fill up, which is how the system is designed. Curb cuts direct the water into the raingardens until they are full and then water flows to the catch basin inlet. Unfortunately most of the mulch from the gardens was carried out into the street, which occurred because plants had not yet been installed in the gardens. A second storm event this summer exceeded a 10-year event and the system was not able to infiltrate water fast enough causing water to be stored in the street, adjacent right of way and private property until the system could catch-up. However, this was not an isolated occurrence. There were many other areas in town where water was stored in the streets, right of way, and easement areas because the City's stormwater collection systems are not designed to handle more than a 10-year storm. As part of this project, an overflow was removed from the low point because it discharged onto personnel property and the City does not have easements to discharge water onto the property. The removal of the overflow also contributed to water being stored in the street. The infiltration system, however, meets the City's design standards and is operating properly.

#### Informational Letter

Staff will send out an informational letter to the residents on October 11 that addresses the concerns that were presented at the public hearing, after the information has been presented to the Council.